A/57/5/Add.12

United Nations

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Financial report and audited financial statements

for the biennium ended 31 December 2001 and

Report of the Board of Auditors

General Assembly
Official Records
Fifty-seventh Session
Supplement No. 5L (A/57/5/Add.12)

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United Nations • New York, 2002

Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

5 July 2000

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28 March 2002

In accordance with financial regulation 11.4, I have the honour to submit the accounts of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia for the biennium 1 January 2000 to 31 December 2001, which I hereby approve. The financial statements have been drawn up and certified by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) Kofi A. **Annan**

Mr. Shauket A. Fakie
Chairman
United Nations Board of Auditors
New York

27 June 2002

I have the honour to transmit to you the financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia for the biennium 2000-2001 ended 31 December 2001, which were submitted by the Secretary-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa and
Chairman, United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Chapter I

Financial report for the biennium ended 31 December 2001

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium ended 31 December 2001. The accounts consist of four statements and the related notes.

2. The present report, the audited financial statements and the report of the Board of Auditors, along with the associated report of the Advisory Committee on Administrative and Budgetary Questions, will be submitted to the General Assembly at its fifty-seventh session.

3. The present report, which is designed to be read in conjunction with the financial statements, can also be considered alone. Attached hereto is a technical annex, which includes information that is required by the Financial Regulations and Rules to be reported to the General Assembly.

B. Overview

4. Statements I to IV of the accounts summarize the financial results of the International Tribunal for the Former Yugoslavia for the biennium 2000-2001. Statement I includes all categories of income and expenditures incurred during the biennium. Statement II includes a summary of assets, liabilities, reserves and fund balances as at 31 December 2001. Statement III summarizes the Tribunal's net cash flows for the period, and statement IV shows the appropriations and expenditures against appropriations during the biennium.

5. As at 31 December 2001, unpaid contributions to the Tribunal totalled $24.2 million, representing an increase of $5.6 million compared with unpaid contributions of $18.6 million as at 31 December 1999. Schedule 2.1 of the financial statements includes the full listing of unpaid assessed contributions as at the end of 2001.

6. The budget of the Tribunal for the biennium 2000-2001 totalled $214.6 million, as appropriated by the General Assembly in its resolution 54/239 and 55/225. Actual expenditures for the biennium totalled $209.3 million, leaving an unencumbered balance of $5.3 million. The 2000-2001 expenditure total of $209.3 million represents an increase of 38.2 per cent of the total expenditures in the 1998-1999 biennium of $151.4 million. The following table shows expenditures by functional category as a percentage of the total:

Functional category	*2001*	*1999*
Salaries and related personnel costs	79.1	81.2
Travel	3.6	4.0
Contractual services	4.3	0.7
Operating expenses	8.4	8.6
Acquisitions	4.6	5.5
Total	**100.0**	**100.0**

7. The following table shows the amount of expenditure by functional category (in thousands of United States dollars):

Functional category	*2001*	*1999*
Salaries and related personnel costs	165 506	123 007
Travel	7 575	6 604
Contractual services	9 042	1 123
Operating expenses	17 494	12 970
Acquisitions	9 676	8 336
Total	**209 293**	**151 440**

8. At the end of 2001, the accounts of the Tribunal showed a surplus of $16.4 million, which comprises an unobligated balance of appropriations of $5.3 million, net prior-period savings of $6.9 million and miscellaneous income and other adjustments of $4.2 million for the biennium. The balance of $16.4 million will be available to be offset against the assessments of Member States.

Annex

Supplementary information

1. The present annex contains supplementary information that the Secretary-General is required to report.

Cash and investments

2. The cash figures shown in the financial statements represent operational cash held at Headquarters and at the International Tribunal for the Former Yugoslavia in The Hague, as well as interest-bearing bank deposits and call accounts. The detailed breakdown, in millions of United States dollars, is as follows:

Operational cash	2.6
Time deposits and call accounts	7.6
Total	**10.2**

Contributions received in currencies other than United States dollars

3. The Secretary-General is authorized by the General Assembly to accept a portion of the assessed contributions of Member States in currencies other than United States dollars. No payment of contributions to the Tribunal was made in currencies other than United States dollars during the biennium 2000-2001.

Write-off of losses of property

4. Property losses amounting to $2,319,295 (based on their original costs) were written off in accordance with financial rule 110.15 during the biennium 2000-2001. The write-offs brought the recorded balances of the properties to the same levels as those shown in the property records for the actual quantities on hand. The details of the amounts written off were reported to the Board of Auditors in accordance with the provisions of financial rule 111.10 (b).

Ex gratia payments

5. An ex gratia payment of $4,975 was made in accordance with financial rule 110.13 during the biennium 2000-2001. Details of the payment were provided to the Board of Auditors.

Chapter II
Report of the Board of Auditors

Summary

The Board of Auditors has reviewed the operations of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991. The Board has audited the financial statements of the Tribunal for the biennium ended 31 December 2001 and conducted management audits covering the system of legal aid and possible fee-splitting, strategic planning, procurement and contracts, judges' payroll, the management of assets and trust funds.

The Board's main findings are as follows:

(a) A completion strategy has been drafted at the Tribunal for use as a management tool by objective and according to deadlines; it remains an internal document, with no binding force on the units of the Tribunal;

(b) The legal aid system does not allow for sufficient control over defence expenditures, and its provisions contribute to the risk of fee-splitting practices;

(c) Some of the witnesses requested to travel to The Hague are sent back home without having been called to testify;

(d) Neither the staff rules nor the Rules of Procedure and Evidence prevented a key staff member from being recruited by defence counsel while he was still on duty, at the risk of jeopardizing the independence and image of the institution; after the termination of his contract, he was assigned to the defence and paid under legal aid by the Tribunal;

(e) The Tribunal pays a full salary to a former judge of the International Court of Justice, who also receives a full pension from the Court.

The Board made recommendations to formalize and monitor a completion strategy; to improve the legal aid system while limiting its cost; to forbid explicitly fee-splitting practices and penalize any abuse of frivolous motions; and to improve the monitoring of obligations, especially those related to defence charges. Recommendations have also been made on the safe keeping of assets and a number of minor administrative matters. The Board is pleased to note that the Tribunal has already undertaken to implement, to some extent, most of the recommendations.

A list of the main recommendations is provided in paragraph 12.

A. Introduction

1. The Board of Auditors has audited the financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium 2000-2001, in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit has been conducted in conformity with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto, and the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the biennium 2000-2001 had been incurred for the purposes approved by the governing bodies; whether income and expenditures were properly classified and recorded in accordance with the Financial Regulations and Rules; and whether the financial statements presented fairly the financial position of the Tribunal as at 31 December 2001. The audit included a general review of financial systems and internal controls and a test examination of accounting records and other supporting evidence to the extent that the Board considered it necessary to form an opinion on the financial statements.

3. In addition to its audit of the accounts and financial transactions, the Board carried out reviews under article 12.5 of the Financial Regulations. The reviews primarily concern the system of legal aid and possible fee-splitting, strategic planning, procurement and contracts, judges' payroll, the management of assets and trust funds.

4. The Board continued its practice of reporting the results of specific audits in management letters containing detailed observations and recommendations to the Administration.

5. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the Administration whose views, where appropriate, have been reflected in the present report.

6. In its resolution 56/247 A of 24 December 2001, the General Assembly endorsed a recommendation of the Advisory Committee on Administrative and Budgetary Questions (A/56/665, para. 83) that the Board of Auditors provide a special assessment of the effectiveness of the tools available, including staff and non-staff assets, to manage, monitor and control expenses of the Tribunal's legal aid system (see also A/55/642, para. 57). The Board expresses reservations about the legal aid system in paragraphs 48 to 54 below, and considers that, while the external auditor is not in a position to investigate the allegations of fee-splitting practices, the present system may contribute to increasing the risk of such practices.

7. The Board's main recommendations are reported in paragraph 12. The detailed findings are discussed in paragraphs 14 to 91.

1. Previous recommendations not fully implemented

8. In accordance with section A, paragraph 7, of General Assembly resolution 51/225 of 3 April 1997, the Board has reviewed the action taken by the Tribunal to implement the recommendations made in the Board's report relating to the biennium 1998-1999[1] and confirms that there are no outstanding matters. Details of the action taken and the comments of the Board are set out in the annex to the present report.

9. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made in its report for the period ended 30 June 1997.[2]

10. The General Assembly, in its resolution 52/212 B of 31 March 1998, accepted the recommendations of the Board of Auditors for improving the implementation of those recommendations approved by the Assembly subject to the provisions contained in the resolution. The Board's proposals, which were transmitted to the General Assembly in a note by the Secretary-General (A/52/753, annex), included the following main elements:

(a) The need for the specification of timetables for the implementation of recommendations;

(b) The disclosure of office-holders to be held accountable;

(c) The establishment of an effective mechanism to strengthen oversight in regard to the implementation of audit recommendations. Such a mechanism could be in the form of either a special committee comprising senior officials or a focal point for audit and oversight matters.

11. The Board noted that the Administration had generally complied with those requirements.

2. Main recommendations

12. **The Board's main recommendations are that the Tribunal**:

(a) **Improve the monitoring of commitments and consider an alternative solution to Tribunal directive 1/94, articles 23 and 24, with a view to replacing the present hourly rate system for counsel with a lump-sum or flat-rate approach for legal aid payments (para. 23);**

(b) **Comply with the financial rules relating to the proper custody of non-expendable equipment and carry out regular physical checks on its assets, if need be, in conjunction with other United Nations field teams (para. 25);**

(c) **Seek the endorsement of its completion strategy by the Security Council, with a view to promptly implementing it (para. 32);**

(d) **Formulate working definitions of such terms as "indigence" and "sufficient means"; establish clear and quantitative criteria to determine whether a suspect or accused person qualifies or partly qualifies for legal aid, including the determination of a financial threshold; and develop a formula to**

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[1] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 5L* (A/55/5/Add.12), chap. II.

[2] Ibid., *Fifty-second Session, Supplement No. 5* (A/52/5), vol. II, chap. II.

determine the contributions to be made by the persons who qualify for partial legal aid (para. 54);

(e) Designate at random the counsel to be paid by the Tribunal from a list of available lawyers established by the Registrar's office (para. 62);

(f) Clarify the criteria for the content of invoices and the evaluation of the reasonableness of the accounts of defence teams, and consider putting a per-trial ceiling on legal aid (para. 66);

(g) While acknowledging the improvements recently designed or implemented for granting legal aid and managing defence counsel bills, the Board is of the opinion that the provisions of the Rules of Procedure and Evidence and the way they are applied have so far limited the cost-effectiveness of the management of legal aid and of overall budget control (para. 68);

(h) Complete, as a matter of urgency, the implementation of the code of professional conduct for defence lawyers and the rules for their enforcement, to be included in the Rules of Procedure and Evidence (para. 73 (a));

(i) Render illegal and effectively prohibit overbilling and frivolous practices by counsel, fee-splitting and gift-giving between counsel and their clients or any other person directly or indirectly related to the accused, as well as the recruitment of relatives by counsel (para. 73 (b));

(j) Create a bar acting in accordance with international best practices on legal ethics, with disciplinary power in case of violation of the code of professional conduct and adequate safeguards to enable the Tribunal to be a party to disciplinary proceedings and to enforce sanctions without undue delay (para. 73 (c));

(k) Include in the Tribunal's staff regulations and rules a prohibition on the recruitment of staff members, directly or indirectly, by defendants for a given number of years after separation from Tribunal service, and add a similar prohibition in rule 44 of the Rules of Procedure and Evidence on counsel qualifications (para. 82);

(l) Review with United Nations Headquarters the rules applying to United Nations officials drawing simultaneously United Nations salaries for active duty and United Nations pensions, and take steps towards a prompt clarification to that effect (para. 88).

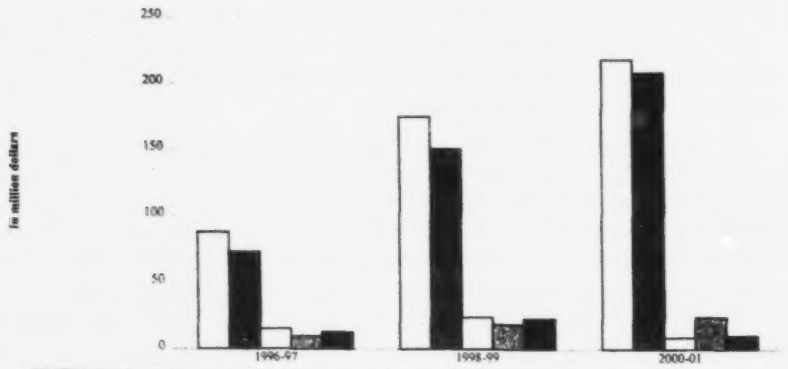
13. The Board's other recommendations are shown in paragraphs 27, 29, 39, 43, 56, 72, 78, 84, 86 and 90.

B. Financial issues

1. Overview

14. The Board reviewed the financial statements to assess the Tribunal's financial position (see graph below). The statement of income and expenditure for the biennium ended 31 December 2001 reflects an excess of income over expenditure of approximately $9 million ($24 million for the biennium 1998-1999).

Financial position



	1996-97	1998-99	2000-01
Income	88	175	219
Expenditure	73	151	209
Surplus	15	24	9
Unpaid contributions	9.3	18.6	24.2
Cash and term deposits	12.6	22.7	10.2

15. In the biennium 2000-2001, income increased by 25 per cent, from $175 million in 1998-1999 to $219 million, due to an increase in assessed contributions from $151.7 million to $191.8 million. Expenditures grew by 38 per cent, from $151.4 million to $209.3 million, mainly for personnel expenses (80 per cent of total expenditure), contractual services (8 per cent) and operating expenses (8 per cent). Unspent resources of $5 million in 2000-2001 resulted mainly from delays in the introduction of ad litem judges.

16. The Tribunal's unliquidated obligations increased by 12 per cent, from $12.7 million in the biennium 1998-1999 to $14.4 million for 2000-2001. Total cash and term deposits, including the cash pool, decreased to $10.2 million, compared with $23.5 million in liabilities. This unbalance between assets and liabilities is due mainly to the high level of unpaid assessed contributions ($24.2 million, of which 30 per cent have remained unpaid for more than two years).

17. The Board concludes that the financial position as at 31 December 2001 is satisfactory, but notes once more the increasing level of unpaid assessed contributions. The Board recommends that additional efforts be made to collect those amounts.

2. United Nations system accounting standards

18. The Board assessed the extent to which the Tribunal's financial statements for the biennium ended 31 December 2001 conformed to the United Nations system accounting standards. The review indicated that the presentation of the financial statements was generally consistent with the standards.

3. Unliquidated obligations

19. The Tribunal's outstanding obligations amount to $14.4 million for the biennium 2000-2001 (see statement II). There was an increase of $1.7 million compared with the previous biennium, due mainly to contracts signed at the end of the biennium for the lease of the third building in The Hague ($909,000) and for the acquisition of office automation equipment ($1,204,000).

20. The increase in outstanding obligations was in part due directly to jurisdictional activity: $442,997 for detention services and $365,000 for defence counsel fees and travel. The needs in those areas are rather uncertain. Obligated amounts in 2000 for both the Office of Legal Aid and Defence and the Victims and Witnesses Section were largely overestimated, because the Office of Legal Aid and Defence was unable to forecast future charges to be paid, as defence counsels do not comply with the obligation to request the Registry's prior authorization for all their expenses. The present recourse to an hourly rate for defence fees does not facilitate the monitoring of those costs. The Tribunal has only partly introduced a lump-sum or flat-rate approach for legal aid payments, but the generalization of such an approach might improve monitoring while limiting costs.

21. Rule 110.9 of the Financial Regulations and Rules of the United Nations states:

> "Outstanding obligations retained against appropriations of the previous financial period in accordance with regulation 4.3 shall be reviewed periodically by the certifying or alternate certifying officers. Obligations reflected in the accounts, which, in the opinion of the Controller, are no longer valid obligations, shall be cancelled from the accounts forthwith, and the resulting credit surrendered. If the obligation is determined to be valid, it shall be reobligated against the appropriations of the current financial period."

22. The Board noted that the certifying workload had been unequally distributed among officers, leading to insufficient monitoring and review of the obligations throughout the biennium, which resulted in the cancellation of more than $6.1 million of outstanding obligations concerning the previous budget.

23. **The Board recommends that the Tribunal improve the monitoring of commitments and that an alternative solution be considered to Tribunal directive 1/94, articles 23 to 25, with a view to replacing the present hourly rate system for counsel with a lump-sum or flat-rate approach for legal aid payments.**

4. Non-expendable equipment

24. The total value of non-expendable equipment disclosed in note 6 (c) to the financial statements amounted to $14.3 million as at 31 December 2001. Assets are located in The Hague ($10.7 million) and in the field ($3.6 million). In The Hague, no exhaustive year-end inventory was performed, as required in financial rule 110.26. The Tribunal stated that weekly sample tests had been performed, but no documentation of the results or the adjustments made was provided to the auditors. The Board found discrepancies between the inventory and its check. No physical check of field assets had been performed in 2001 because of alleged cuts in travel expenses, although the Tribunal could have called upon other United Nations field teams to perform such checks at a marginal or no cost. The Tribunal now plans to explore this possibility.

25. **The Board recommends that the Tribunal comply with the financial rules relating to the proper custody of non-expendable equipment and carry out regular physical checks on its assets, if need be in conjunction with other United Nations field teams.**

5. Trust funds

26. The Tribunal trust funds are charged a 13 per cent support charge for the implementation of extrabudgetary programmes. The Tribunal is responsible for the preparation of a support budget for the use of this income. Whereas the Tribunal has always based its support cost budget on the assumption that the whole support income was available to the Tribunal, it was informed in January 2002 that expenses forecast on this account could not be approved because of the withdrawal by United Nations Headquarters of $1.2 million for central services rendered to the Tribunal in New York in relation to the trust funds.

27. **The Board recommends that budgets and cost plans for trust funds be prepared on a sound and accurate basis, taking into account adequate support income.**

6. Write-offs and losses

28. During the biennium 2000-2001, the Tribunal wrote off amounts totalling $2,319,295. These comprised $1,845,465 for obsolete equipment, $13,982 for equipment presumed to be lost or stolen, $216,556 for equipment transferred or sold to third parties and $243,292 for which no reason was provided for the write-off. The Board noted some communication difficulties between United Nations Headquarters and the Tribunal on this component of the notes to the financial statements.

29. **The Board recommends that United Nations Headquarters and the Tribunal review their communication procedure in order to secure a coherent separation of tasks and reporting on the financial statements.**

7. Ex gratia payments

30. One ex gratia payment was reported during the period for an amount of $4,975, related to a victim's relocation expenses.

C. Management issues

1. Completion strategy

31. The yearly cost of the Tribunal has almost tripled over the past two bienniums, as indicated in the graph above. The final cost for the duration of its existence remains uncontrolled. In 1993, the Security Council created the Tribunal without setting a term for its mandate. The Tribunal management created an internal Coordination Council in 2001 and has drafted on its own a completion strategy to be submitted to the Security Council, proposing three main deadlines: 2004 for the prosecution, 2008 for initial judgements and 2010 for appeals. The Coordination Council focuses on the necessary means — judges, staff and rules of procedure — to reach those targets.

32. **The Board commends the Tribunal for taking the initiative to create an internal Coordination Council and to draft a completion strategy, and**

recommends that it seek the Security Council's endorsement of the completion strategy with a view to promptly implementing it.

33. The Tribunal's agenda depends partly on external factors beyond its control, such as the arrest of fugitives, a delay in the approval of the 2002 budget (effective 15 March 2002), which induced further delays in the recruitment of ad litem judges and related support staff, and also international action to ensure fair and effective trials if and when national tribunals take over the proceedings that the Tribunal will not have time to complete. The Tribunal is confident that the recruitment of nine ad litem judges will now enable it to run six simultaneous trials.

34. The implementation of a completion strategy also depends on internal factors. The target was so far 12 trials, lasting on average 12 months, up to 2008. But in 2001, the average duration of trials was 14 months, 2 months longer than the target. Future trials may encounter further extensions, which the Tribunal has so far not contained, in the context of an "accusatory procedure", in which the judge arbitrates more than he or she conducts the proceedings and trials.

35. A judge's illness interrupts the trial he or she is conducting — there are no rules on replacement, nor are there replacements available, to allow the trial to go on.

36. Delays in the hearing of witnesses and the cross-examination in The Hague of witnesses who have already testified through a written statement, per rule 92 bis of the Rules of Procedure and Evidence, are leading to additional and costly delays. The Tribunal's Coordination Committee has not so far been in a position to commit each of its units — the Chambers, the Prosecutor and the Registrar — to conform to deadlines. Future trials could therefore be postponed.

37. There are concerns that the defence teams, for considerations linked to legal aid as reported below, or through frivolous motions might further delay the outcome of trials. But the Tribunal is implementing the Board's recommendation to formalize the thus far informal system of checks and balances that exists in addition to feedback provided by the Trial and Appeals Chambers to the Registry as to whether a defence team works efficiently.

38. The Board also notes that a valuable contribution to meeting completion deadlines is expected through the trust fund called "Rules of the road". The fund aims at supporting and training national tribunals in the perspective of "secondary" trials soon to be held in the former Yugoslavia, which would decrease the Tribunal's workload in years to come.

39. **The Board notes, without interfering with the course of justice, that under the present conditions the Tribunal is unlikely to meet its draft completion strategy target of 2010. The Board recommends that, should the United Nations wish to bring under control the increasing final cost of the Tribunal, binding budget ceilings, final deadlines, related indicators and palliatives to roadblocks should be implemented by the Tribunal as a whole and by each of its components.**

40. Completion objectives have not yet been fully taken into account for human resources management purposes. The envisaged closing deadline has not yet led the Tribunal to stop recruiting staff and to plan a gradual decrease at levels coherent with binding deadlines.

41. **While recognizing the independence from the United Nations of the new International Criminal Court created in The Hague, the Board notes that the Tribunal's downsizing could be eased by the redeployment of staff and equipment through appropriate agreements between the two jurisdictions.**

42. In its previous report, the Board emphasized the costs incurred for the large number of witnesses who travelled to the Tribunal but who were not called upon to testify, with costs doubling when they were required to return at a later date. The Board's recommendation was not implemented. The number of witnesses leaving The Hague without having testified has increased, from 76 to 92, and their percentage of all witnesses summoned did not decrease (11 per cent). The corresponding travel costs grew from $125,000 to $144,000, and so did the human implications. Most persons summoned are victims with no legal status. Victims sent back without having been heard may not understand the reason for their travelling and the cancellation of their testimony. The Tribunal is reviewing this issue with a view to charging costs for witnesses frivolously summoned.

43. **The Board recommends that, while enforcing due process of law, the Tribunal: (a) amend its rules to exercise greater control over decisions affecting its budget and expenditure deriving from the proceedings; and (b) implement strict rules regarding the number of witnesses summoned to The Hague and the hearing of their testimony.**

2. Legal aid and fee-splitting

Fee-splitting

44. Fee-splitting, in the context of the International Tribunals, refers to the sharing of fees between detainees and their defence counsel. The Advisory Committee on Administrative and Budgetary Questions and the General Assembly were concerned about the implications of alleged fee-splitting at the International Tribunals for Rwanda and the Former Yugoslavia. Following a request of the Advisory Committee (A/55/642, para. 57), the Office of Internal Oversight Services and the Board redoubled their efforts to follow up on the rumours of fee-splitting practices between defendants and legal counsel within the Tribunals. The Office of Internal Oversight Services conducted a detailed review of the allegations regarding fee-splitting arrangements at both Tribunals in 2000 (A/55/759). In summary, the Office concluded that the allegations of fee-splitting could not be substantiated, although the possibility of it existed. OIOS also recommended that controls be implemented to prevent fee-splitting arrangements from taking place. Appropriate recommendations ensued in documents transmitted to the General Assembly on 1 February 2001 (A/55/759) and on 26 February 2002 (A/56/836). The Board is pleased to note that the Office is assigning resident auditors, and periodically investigators, for the Tribunal.

45. The Board, in order not to duplicate the recent Office of Internal Oversight Services investigations and reports, has focused on other aspects of legal aid, as referred to in the report of the Advisory Committee (A/56/665), and provides in the present report a special assessment of the effectiveness of the tools available, including staff and non-staff assets, to manage, monitor and control expenses of the Tribunal's legal aid system. The Board has conducted such a review on factors that inflate counsel fees and expose the Tribunal to the risk of fee-splitting.

46. Fee-splitting is an alleged practice which is not so far explicitly prohibited by any rule applying to the Tribunal. Such a practice would be hidden, possibly involving money-laundering circuits. The actual detection of fee-splitting would call for international and highly sophisticated criminal investigations, jointly pursued by internal revenue services and police forces. This task would have to be undertaken mainly in countries which are said to have been so far somewhat uncooperative in such respects. Monitoring the Tribunal's legal aid expenditure and improving the preventive controls in place may be useful, but would be largely inefficient for fee-splitting, and consequently the matter is largely beyond the expertise of the Board of Auditors.

47. There has been no formal interdiction of fee-splitting and gift-giving between counsel and their clients or any other person directly or indirectly related to the accused. The recruitment of relatives by the defence counsel, which is yet another way of splitting fees, has not been prohibited: the Tribunal informed the Board that the recruitment of close relatives of accused persons was limited to minimal assignments.

Legal aid

48. In its report for the biennium ended 31 December 1999, the Board paid special attention to the continuous increase in defence costs, such as assistance, fees, travel, accommodations, forensics and experts. The Board noted that the Tribunal had expressed its intention, as a first step, to review its legal aid system, but that it had later opted for a moratorium on the implementation of a new system after considering a protest against the announced revisions by the majority of the assigned defence counsel. Nevertheless, the Board recommended that the Tribunal review its legal aid system with the aim of establishing higher controls and limits over defence costs.

Establishment of indigence

49. The legal aid provisions are contained in articles 6 and 8 of directive 1/94 on the assignment of defence counsel. In accordance with article 8, a suspect or accused person who requests the assignment of counsel must produce evidence of the inability to remunerate counsel. Article 6 provides that suspects or accused persons who lack the means to remunerate counsel, which is understood as the ability to remunerate counsel at the rates provided in the directive, shall be entitled to legal aid paid by the Tribunal. For suspects or accused persons with means to partially finance legal expenses, the Tribunal shall pay for the remainder.

50. Although no financial threshold was established for the receipt of legal aid, the Tribunal, in directive 1/94, set an hourly rate for counsel of $80 to $110, depending on experience, with a ceiling of 175 monthly chargeable hours, for a standard counsel team composed of the lead counsel, co-counsel and legal assistants or investigators. Effective 1 January 2001, the Tribunal imposed ceilings on defence fees for the pre-trial and appeal phases by allotting different maximum durations according to three levels of difficulty of cases. The maximum number of hours per month remained unchanged (350 hours for the lead counsel rather than twice 175 hours for lead counsel and co-counsel), which means that, for an average fee of $95 per hour, monthly defence costs -- without investigation costs — amount to $33,250. There is no limit for the trial period. Costs for legal aid did not change significantly in 2001.

51. On a 12-month basis, the Tribunal's decisions on hourly limits in legal aid amount to some $360,000. This is the threshold below which a person is regarded as

indigent, and therefore qualifies for full legal aid up to that amount. This indigence threshold is unprecedented, to the Board's knowledge, in European courts. It bears no relationship whatsoever to either the average income or legal aid ceilings applicable in most Member States.

52. The Registry of the Tribunal replied to the Board that it was of the opinion that lowering the indigence level would force the accused to be represented by counsel from the former Yugoslavia, but that the levels of indigence would be discussed at the judges' plenary meeting in July 2002.

53. Legal aid is therefore almost automatically provided by the United Nations. Out of 46 detainees at the end of the biennium 2000-2001, only 2 did not qualify for legal aid. The budget allocated to defence counsel grew from $9 million in 1998, to $11.7 million in 1999, to $10.8 million in 2000 and to $13 million in 2001. This increase is linked to the number of arrested persons, and on the various factors affecting the duration of proceedings and trials.

54. **The Board recommends that the Tribunal: (a) formulate working definitions of such terms as "indigence" and "sufficient means"; (b) establish clear and quantitative criteria to determine whether a suspect or accused person qualifies or partly qualifies for legal aid, including the determination of a financial threshold; and (c) develop a formula to determine the contributions to be made by the persons who qualify for partial legal aid.**

Procedures to verify an accused person's financial position

55. An applicant for legal aid has to complete a declaration of means. Article 9 of directive 1/94 provides that a declaration of means must, as far as possible, be certified by an appropriate authority located either in the place where the suspect or accused resides or is found or any other place considered appropriate in the circumstances, to be determined by the Registrar. The results of such inquiries are deemed to be unsatisfactory; the countries questioned are said to often show a lack of motivation and sometimes unwillingness to reply to the Tribunal.

56. **The Board recommends that the Tribunal establish clear and enforceable working relationships with Member States to ensure that they provide all reasonable assistance necessary to verify the financial position of the accused.**

57. The Board notes that the Tribunal does not enforce article 8, which states that a suspect or accused must produce evidence of the inability to remunerate counsel. As long as no evidence to the contrary is provided, the suspect or accused is deemed not to have sufficient resources to bear defence costs. Two Trial Chamber decisions and one from the Vice-President, dating back to 1999, concluded that the Registrar was not justified in withdrawing legal aid if he did not have proof that the defendant was able to pay for all or part of the defence, and that the burden of proof rested with the Registrar for the recovery of funds, assuming that the defendant was not indigent. In 1999, the Registry revoked legal aid for seven defendants who had received substantial funds from charity auctions for their benefit in their native countries. The revocation was cancelled by the Chamber of Appeal, which considered that the Registrar's office had not precisely established that the funds were for the benefit of the defendants. Up to 2002, the Registrar had not recruited any investigator or assistant to lead inquiries on the spot in order to better assess the defendant's financial situation.

58. In order to try to overcome this difficulty, in accordance with recommendations 3 and 4 contained in the report of the Office of Internal Oversight Services (A/55/759), the Registrar has recently recruited an investigator and an assistant who lead inquiries on the spot in order to better assess the defendants' financial situation.

59. Furthermore, the Tribunal has never applied article 6 of the directive, which allows for a means-tested sharing of the defence costs between the defendant and the Tribunal. The recruitment of an investigator in March 2002 will now enhance the fine-tuning of decisions in that regard.

Assignment of defence counsel

60. Usually the Tribunal appoints counsel in accordance with the choice of the accused, unlike the usual European legal aid practices. The Registrar verifies that the lawyer chosen has the required qualification to defend a cause before the Tribunal and that he or she is not the object of disciplinary procedures in his or her country. The counsel must be a certified member of a bar or a lecturer in law in a university, speak one of the two working languages of the court and produce a curriculum vitae. The Office of Internal Oversight Services has also duly recommended that the qualifications of defence team investigators be subject to review by both Tribunals before being approved so as to prevent the recruitment of relatives and thereby minimize the risk of fee-splitting (ibid., recommendations 11 and 12).

61. The Board is of the opinion that the practice of providing the accused with the opportunity to elect counsel may result in increased expenses for the Tribunal and increase the risk of fee-splitting.

62. **The Board recommends that the Tribunal designate at random the counsel to be paid by the Tribunal from a list of available lawyers established by the Registrar's office.** The Board is pleased to note that the Registry has confirmed that a proposal in this regard would be submitted to the judges' plenary meeting in July 2002.

Verification of bills of counsel

63. Article 22 of directive 1/94 states that, where counsel has been assigned, the costs and expenses of legal representation of the suspect or accused necessarily and reasonably incurred shall be met by the Tribunal, subject to availability of funds and applicable United Nations rules and regulations and practices.

64. Defence claims for legal aid payments are increasingly scrutinized by the Registry. Invoices are corrected, but no statistics describe the rates and amounts of refusal or corrections by the Registry. Our sample checks (in April and September 2001) showed cost reductions ranging from 2.6 to 8.9 per cent of the amounts in submitted invoices. No guidelines ensure the consistency of such evaluations and verifications, the impact of which varies from one bill to the other. Such guidelines would be useful for the counsel's information as well as for the Registry's staff to manage, monitor and control invoices.

65. The Board is pleased to note that the Registry intends to put before the judges a proposal to adjust the payment system for the trial phase. However, a ceiling on fee costs is not envisaged, as the Tribunal considers that it would contradict the principle of fair trial, and control is otherwise secured by strict and non-invasive auditing of counsel's invoices.

66. The Board recommends that the Tribunal clarify the criteria for the content of invoices and the evaluation of the reasonableness of the accounts of defence teams, and consider putting a per trial ceiling on legal aid.

67. Witnesses testifying on the request of the prosecution or the defence are not always limited as to number and time or, if so, there is no obligation to respect those limits. In this way the defence may increase the duration of the proceedings, and thus increase the cost of legal aid. The Board notes that a new article has recently been added to the Tribunal's Rules of Procedure and Evidence that enables the Tribunal to prohibit patently frivolous and potentially costly motions filed by counsel. This article has not yet been applied.

68. While acknowledging the improvements recently designed or implemented for granting legal aid and managing defence counsel bills, the Board is of the opinion that the provisions of the Rules of Procedure and Evidence and the way they are applied have so far hindered the management of legal aid and overall budget control.

69. The Tribunal has informed the Board that excessive interference with the freedom of the defence would put into question the procedural guarantees for defendants and might invalidate the entire judicial process.

70. The Board is of the view that best international judicial practices usually dictate that a balance be struck, as in any other public service activity, between judicial ambitions and budget constraints.

71. In view of the above analysis of the legal aid indigence threshold of some $360,000 in yearly income, the Board of Auditors is of the opinion that the risk of fee-splitting is partly related to the high level of the indigence threshold, as well as to the lack of any limitation in the amount of legal aid over the duration of the proceedings, and that these factors increase the amounts at stake and the risk of their being shared.

72. While acknowledging the concerns of the Tribunal about the legal rights of the defence, the Board recommends lowering the yearly and total amounts for legal aid as a preventive measure against potential fee-splitting as well as for cost-saving purposes.

73. The Board of Auditors recommends that the Tribunal complete, as a matter of urgency, the implementation of:

(a) The code of professional conduct for defence lawyers and the rules for their enforcement, to be included in the Rules of Procedure and Evidence;

(b) The formal interdiction of fee-splitting and gift-giving between counsel and their clients or any other person directly or indirectly related to the accused, as well as the recruitment of relatives by the defence counsel;

(c) The creation of a bar acting in accordance with international best practices on legal ethics, with disciplinary power in case of violation of the code of professional conduct and adequate safeguards to enable the Tribunal to be a party to disciplinary proceedings and to enforce sanctions without undue delay;

(d) Appropriate procedures to render illegal and effectively prohibit overbilling and frivolous and fee-splitting practices by counsel.

3. Translation of trial-related documents

74. Many documents, from the beginning of the procedure (indictment) to the end (appeal judgement), need to be translated from the Bosnian/Serbian/Croatian languages into English and French and the reverse. As at 14 January 2002, the English Translation Unit had a backlog of 13,161 pages. According to United Nations standards (5 pages a day and 21 working days a month), completing this task would require four working months for the whole available team. The postponement of deadlines is the rule, and it may affect the whole cost of the Tribunal.

75. Difficulties in recruiting high-level translators due to competency requirements not readily available on the market do not allow the Conference and Language Services Section to increase its production. This leads to high-cost short-term and freelance contracts.

76. The number of pages translated per case is increasing to more than 18,000 pages, but no more than 5 to 10 per cent of the translated materials are said to be referred to during the proceedings, which means that 90 to 95 per cent of the documents are of little or no use, and the cost of translating them a waste.

77. The increasing number of documents translated has costly side effects. It is necessarily followed by an increase in defence counsel work and legal aid fees, which in turn may affect the whole judiciary process by delaying trials. This contradicts the official objectives of reducing the length of trials and increasing the number of cases per year.

78. The Board recommends that the Tribunal re-examine its translation policy and facilities with a view to reallocating priorities and being far more selective, choosing documents that are likely to be of use to the Court. The Board commends the Tribunal for having undertaken a review of the staffing allocation for translation and for establishing a database and a document control system to monitor translation workflows and costs.

4. Ethics

79. In December 2001, a key staff member, special assistant to the President and former member of the Prosecutor's team, quit the Tribunal's employ. Prior to his resignation, he had been recruited as defence counsel by defendants indicted by the Tribunal. In both of his Tribunal positions, this staff member was privy to confidential matters related to investigations and trials to which he is now party, to the benefit of the defendants. The Tribunal informed the Board that the staff member had been assigned and paid by the Tribunal only after the termination of his contract, that is, he was registered and paid by the Tribunal in his new private position as counsel to a defendant under the legal aid provisions. Although one such case had already occurred, there was no rule in place to detect and prevent such situations.

80. The acceptance, for the second time in the history of the Tribunal, of such a move may lead to suspicion of a potential for the corruption of staff by defendants. This has risk implications for the neutrality of the Tribunal and for the image of the United Nations, and for the possible impairment of the cost-effectiveness of the whole process.

81. The Tribunal has taken action for the future. Since this situation occurred, new staff obligations have been included in the declaration signed by recruits, which do

not cease upon separation from service. But there is still no conflict-of-interest provision in rule 44 of the Rules of Procedure and Evidence, which states only that a counsel shall be considered qualified to represent a suspect or accused if the counsel satisfies the Registrar that he or she is admitted to the practice of the law in a State or is a university professor of law, and speaks one of the two working languages of the Tribunal. A new article on the matter is being considered for inclusion in the forthcoming code of professional conduct for the Tribunal. The Registry is also preparing an administrative instruction and a draft amendment to the Rules of Procedure and Evidence, but stressed that the right to freedom to practice one's profession would be affected by any such practice.

82. **The Board recommends that the Tribunal take further action by: (a) including in the Tribunal's staff regulations and rules a prohibition on the recruitment of staff members, directly or indirectly, by defendants for a given number of years after separation from Tribunal service; and (b) adding a similar prohibition in rule 44 of the Rules of Procedure and Evidence on counsel qualifications.**

5. Financial relations between United Nations Headquarters and the Tribunal

83. The Tribunal monitors all its deferred charges and discloses them in a footnote to its draft financial statements sent to United Nations Headquarters. This time-consuming operation is of no use to New York, since the amounts disclosed by the United Nations Controller in the final version of the financial statements are drawn, a second time and without consideration of the data coming from The Hague, from the Integrated Management Information System in New York.

84. **The Board notes that this duplication of work serves little purpose and recommends that it be discontinued.**

85. As mentioned in paragraph 26 above, the budget includes a charge of 13 per cent on trust funds for support, as income to be shared between United Nations Headquarters and the Tribunal. United Nations Headquarters has charged an amount of $1.2 million for central services rendered in New York on behalf of the Tribunal, without any documentation of this assessment.

86. **The Board recommends that United Nations Headquarters provide full accountability, especially at the budgeting stage, to the Tribunal and similar institutions, on the support costs it charges.**

6. Judges' payroll

87. The report of the Secretary-General on conditions of service of the ad litem judges of the Tribunal states that a judge who has retired from the International Tribunal for the Former Yugoslavia, the International Tribunal for Rwanda or the International Court of Justice and is the recipient of a pension therefrom would not continue to receive that pension during the time he or she served as an ad litem judge (A/55/756, para. 21). The same rule does not apply to permanent judges, although they are in a more stable position, with emoluments set at an annual rate of $160,000. A permanent judge has been drawing concurrently, since 1997, a salary from the Tribunal and a pension from the International Court of Justice; he questioned this duplication in a letter to United Nations Headquarters, to which he

received no answer. The annual pension benefit of a member of the Court who has served a full nine-year term is set at half the annual salary — $80,000 a year.

88. **The Board recommends that: (a) the United Nations review in a coherent fashion the rules applying to United Nations officials drawing simultaneously United Nations salaries for active duty and United Nations pensions; and (b) the Tribunal take steps towards a prompt clarification to that effect.**

7. Information technology security

89. The Board has audited the computerized procurement and travel systems. The travel system includes controls that guarantee its general reliability, but technical recommendations have been provided in order to improve it. The procurement information system presents major technical and organizational shortcomings. Logical security is deficient for both applications, with as many as seven administrators and no secure password storage. User documentation was insufficient and sometimes non-existent.

90. **The Board has recommended that the Tribunal introduce technical improvements in its computerized procurement and travel systems, and management has agreed.** Adequate solutions had either been implemented or were well under way by mid-2002.

8. Cases of fraud and presumptive fraud

91. No cases of fraud or presumptive fraud were reported to the Board during the biennium 2000-2001.

D. Acknowledgement

92. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended by the President, the Registrar and the staff of the Tribunal during its audit.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit

(*Signed*) François **Logerot**
First President of the Court of Accounts of France

27 June 2002

Annex

Follow-up on action taken to implement the recommendations of the Board of Auditors in its report for the biennium ended 31 December 1999[a]

The Board has followed up on the action taken by the Tribunal to implement the Board's recommendations made in the context of its report for the biennium ended 31 December 1999. Table A.1 summarizes the status of implementation of all the previous recommendations, while table A.2 details specifically those recommendations not implemented and those recommendations under implementation that require further comment.

A total of three recommendations were made in the audit of the biennium 1998-1999. All three recommendations were under implementation.

Table A.1
Summary of status of implementation of recommendations for the biennium 1998-1999

Topic	*Implemented*	*Under implementation*	*Not implemented*	*Total*
A. Financial issues				
Accounts and financial reporting	-	para. 10 (a)	-	-
Subtotal				
Number	**0**	**1**	**0**	**1**
Percentage	**0**	**100**	**0**	**100**
B. Management issues				
Programme management	-	Para. 10 (b) Para. 10 (c)	-	-
Subtotal				
Number	**0**	**2**	**0**	**2**
Percentage	**0**	**100**	**0**	**100**
Total				
Number	**0**	**3**	**0**	**3**
Percentage	**0**	**100**	**0**	**100**

[a] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 5L* (A/55/5/Add.12), chap. II.

Table A.2
Details on previous recommendations under implementation or not implemented for the biennium 1998-1999

Component/area of concern	*Recommendation*	*Specific management action/comments as at 30 April 2002*	*Comments of the Board*
End-of service benefits, post-retirement benefits and annual leave, para. 10 (a)	The Tribunal should disclose the liabilities for end-of-service benefits, post-retirement benefits and annual leave in its financial statements in compliance with the United Nations accounting standards.	Liabilities related to accrued leave and relocation/ repatriation of staff are fully disclosed in the 2000-2001 report. After-service health insurance liabilities are still not mentioned in the notes to the financial statements.	Under implementation.
Use of courtrooms, para. 10 (b)	The Tribunal should review its procedures for planning the use of courtrooms to ensure effective use of the available facilities.	The Tribunal has developed strategic planning for all trials and increased the number of daily sessions. The full implementation of the ad litem reform in April 2002 will enable the Tribunal to run six simultaneous trials. New performance indicators allow for the monitoring of the judiciary process: average pre-trial time of one case since the beginning of the year; number of witnesses summoned but not heard and the number of hearing hours in Court (preparation hours included).	Under implementation. The Board notes the improvement made on the issue of planning the use of resources, and looks forward to the full implementation of the indicators.
Legal aid system, para. 10 (c)	The Tribunal should review its legal aid system with the aim of establishing tighter controls and limits over defence costs.	The Tribunal has started to amend its Rules of Procedure and Evidence as well as its management of defence costs. Progress in that respect is documented in paragraphs 44 to 78 of the present report, as is the Board's position on the present situation.	Under implementation.

Chapter III
Audit opinion

We have audited the accompanying financial statements, comprising statements I to IV, and the supporting notes of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium ended 31 December 2001. The financial statements are the responsibility of the Secretary-General. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Secretary-General, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, these financial statements present fairly, in all significant respects, the financial position as at 31 December 2001 and the results of operations and cash flows for the period then ended in accordance with the Tribunal's stated accounting policies set out in note 2 to the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Further, in our opinion, the transactions of the Tribunal which we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and legislative authority.

In accordance with article XII of the Financial Regulations, we have also issued a long-form report on our audit of the Tribunal's financial statements.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit

(*Signed*) François **Logerot**
First President of the Court of Accounts of France

27 June 2002

Chapter IV
Certification of the financial statements

1. The financial statements of the United Nations International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium from 1 January 2000 to 31 December 2001 have been prepared in accordance with financial rule 111.4.

2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarifications for the financial activities undertaken by the Organization during the period covered by these statements for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements of the United Nations Tribunal for the Former Yugoslavia, numbered I to IV, are correct.

(*Signed*) Jean-Pierre **Halbwachs**
Assistant Secretary-General, Controller

28 March 2002

Chapter V

Financial statements for the biennium ended 31 December 2001

Statement I

International Tribunal for the Former Yugoslavia[a]

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 2000-2001 ending 31 December 2001
(Thousands of United States dollars)

	2001	*1999*
Income		
Assessed contributions b/	191 828	151 735
Funding from reserves and fund balances c/	22 726	20 012
Interest income	3 734	2 825
Other/miscellaneous income	445	587
Total income	**218 733**	**175 159**
Expenditure		
Staff and other personnel costs	165 506	123 007
Travel	7 575	6 004
Contractual services	9 042	1 123
Operating expenses	17 494	12 970
Acquisitions	9 676	8 336
Total expenditure	**209 293**	**151 440**
Excess (shortfall) of income over expenditure	**9 440**	**23 719**
Prior Period Adjustments	16	1 957
Net excess (shortfall) of income over expenditure	**9 456**	**25 676**
Savings on, or cancellation of, prior periods' obligations	6 052	1 330
Transfers from surplus c/	-22 726	-20 012
Reserves and fund balances, beginning of period	23 589	16 595
Reserves and fund balances, end of period	**16 371**	**23 589**

a/ See notes 2 and 3.

b/ In accordance with General Assembly Resolution 54/239 and55/225, assesments for the International Tribunal are based in part on the scale of assessment applicable to the United Nations regular budget and in part on the scale of assessment applicable to peacekeeping operations.

c/ Represents amounts transferred from prior period surplus applied against the appropriation for the biennium 2000/2001 as approved under General Assembly resolutions 54/239 ($10,940,700) and 55/225 ($11,785,600).

The accompanying notes are an integral part of the financial statements.

Statement II

International Tribunal for the Former Yugoslavia[a]

Statement of assets, liabilities, reserves and fund balances as at 31 December 2001

(Thousands of United States dollars)

	2001	1999
Assets		
Cash and term deposits	2 577	22 702
Cash pool b/	7 634	-
Assessed contributions receivable from Member States (schedule 2.1) c/	24 185	18 590
Other accounts receivable	1 504	2 028
Deferred charges	3 899	2 496
Inter-office transactions pending processing	112	188
Total assets	**39 911**	**46 004**
Liabilities		
Contributions or payments received in advance	59	312
Unliquidated obligations - current period	14 444	12 737
Unliquidated obligations - future period	3 506	2 496
Inter-fund balances payable	5 058	5 701
Other accounts payable	473	876
Inter-office transactions pending processing	-	293
Total liabilities	**23 540**	**22 415**
Reserves and fund balances		
Cumulative Surplus	16 371	23 589
Total reserves and fund balances	**16 371**	**23 589**
Total liabilities, reserves and fund balances	**39 911**	**46 004**

a/ See note 3

b/ Represents share of the United Nations Headquarters Cash Pool and comprises cash and term deposits of $891,525.39, short-term investments of $247,401.15 (market value $254,155.45), long term investments of $6,628,427.93 (market value $6,708,405.72) and accrued interest receivable of $67,033.77.

c/ Includes assessed contributions unpaid irrespective of collectibility.

The accompanying notes are an integral part of the financial statements.

Schedule 2.1

International Tribunal for the Former Yugoslavia

Assessed contributions unpaid as at 31 December 2001

(United States dollars)

Member State	Assessed contributions unpaid as at1 January 2000	Net Assessed Contributions 2000 and 2001 a/	Collections During 2000 and 2001	Assessed contributions unpaid as at 31 December 2001	Ageing analysis of outstanding assessed contributions			Assessed contributions unpaid as at 31 December 2001
					over 2 years	1-2 years	under 1 year	
Afghanistan	8 276	5 163	-	13 439	6 788	2 662	3 789	13 439
Albania	1 623	3 060	4 682	-	-	-	-	-
Algeria	50 859	79 808	130 667	-	-	-	-	-
Andorra	3 607	6 822	7 013	3 416	-	-	3 416	3 416
Angola	4 960	5 623	10 583	-	-	-	-	-
Antigua and Barbuda	5 312	1 983	-	7 295	4 320	1 929	1 046	7 295
Argentina	554 021	1 205 227	1 417 622	341 626	-	-	341 626	341 626
Armenia	5 952	4 092	10 044	-	-	-	-	-
Australia	66	2 659 943	2 660 009	-	-	-	-	-
Austria	-	1 615 144	1 615 144	-	-	-	-	-
Azerbaijan	11 902	7 671	17 523	2 050	-	-	2 050	2 050
Bahamas	-	14 326	14 326	-	-	-	-	-
Bahrain	10 287	14 670	18 677	10 288	-	297	9 991	10 288
Bangladesh	-	9 380	4 683	4 697	-	-	4 697	4 697
Barbados	10 080	9 080	4 995	14 176	765	8 416	4 995	14 176
Belarus	277 251	38 860	316 111	-	-	-	-	-
Belgium	-	1 910 226	1 910 226	-	-	-	-	-
Belize	6 017	959	6 017	959	-	469	490	959
Benin	992	1 877	1 929	940	-	-	940	940
Bhutan	496	938	965	469	-	-	469	469
Bolivia	3 709	7 677	-	11 465	-	7 365	4 100	11 465
Bosnia and Herzegovina	-	4 605	2 555	2 050	-	-	2 050	2 050
Botswana	-	9 593	9 593	-	-	-	-	-
Brazil	1 605 929	1 894 677	-	3 730 606	1 040 579	1 540 989	1 143 038	3 730 606
Brunei Darussalam	5 608	28 829	10 219	24 218	-	5 608	18 610	24 218
Bulgaria	-	12 599	12 599	-	-	-	-	-
Burkina Faso	7 267	1 877	9 144	-	-	-	-	-
Burundi	6 513	938	-	7 451	6 017	965	469	7 451
Cambodia	-	1 451	-	1 451	-	511	940	1 451
Cameroon	15 959	11 253	-	22 212	3 925	13 676	4 611	22 212
Canada	-	4 523 724	4 523 724	-	-	-	-	-
Cape Verde	7 009	1 406	7 009	1 406	-	937	469	1 406
Central African Republic	6 771	938	-	7 709	6 278	965	466	7 709
Chad	496	938	1 357	77	-	-	77	77
Chile	70 876	170 938	70 876	170 938	-	69 493	101 445	170 938
China	971 950	2 428 673	3 400 236	-	-	-	-	-
Colombia	-	150 991	150 991	-	-	-	-	-
Comoros	6 513	938	-	7 451	6 017	965	469	7 451
Congo	8 224	2 044	10 268	-	-	-	-	-
Costa Rica	-	18 423	18 423	-	-	-	-	-
Cote d'Ivoire	12 039	9 210	-	21 249	7 170	9 468	4 611	21 249
Croatia	-	35 310	35 310	-	-	-	-	-
Cuba	1 716	27 633	13 808	15 543	-	173	15 370	15 543
Cyprus	-	39 006	39 006	-	-	-	-	-
Czech Republic	19 649	224 289	264 118	-	-	-	-	-
Democratic People's Republic of Korea	46 384	12 275	-	58 629	36 074	17 944	4 611	58 629
Democratic Republic of the Congo	11 791	5 542	10 997	6 336	-	4 371	1 965	6 336
Denmark	-	1 232 310	1 232 310	-	-	-	-	-
Djibouti	6 513	938	5 295	2 196	762	965	469	2 196
Dominica	6 513	959	4 000	3 472	2 017	965	490	3 472
Dominican Republic	3 116	19 448	16 673	5 891	-	-	5 891	5 891
Ecuador	10 622	23 029	23 851	-	-	-	-	-
Egypt	-	74 711	74 711	-	-	-	-	-
El Salvador	6 493	15 360	2 635	19 223	-	10 000	9 223	19 223

International Tribunal for the Former Yugoslavia

Assessed contributions unpaid as at 31 December 2001

(United States dollars)

Member State	Assessed contributions unpaid as at 1 January 2000	Net Assessed Contributions 2000 and 2001 a/	Collections During 2000 and 2001	Assessed contributions unpaid as at 31 December 2001	Ageing analysis of outstanding assessed contributions: over 2 years	1-2 years	under 1 year	Assessed contributions unpaid as at 31 December 2001
Equatorial Guinea	6 513	938	6 982	469	.	.	469	469
Eritrea	1 924	938	2 862	.	.	.	.	.
Estonia	8 116	14 671	14 248	8 539	.	.	8 539	8 539
Ethiopia	5 761	4 680	4 680	5 761	.	3 882	1 879	5 761
Fiji	.	4 094	4 094	.	.	.	.	.
Finland	.	910 730	910 730	.	.	.	.	.
France	.	12 458 050	12 458 050	.	.	.	.	.
Gabon	19 475	14 636	.	34 311	11 399	15 780	7 172	34 311
Gambia	.	938	938	.	.	.	.	.
Georgia	103 622	6 140	.	105 762	93 342	13 857	2 963	109 762
Germany	.	16 784 060	16 784 060	.	.	.	.	.
Ghana	.	6 140	3 577	2 563	.	.	2 563	2 563
Greece	822 110	761 737	606 172	257 675	.	.	257 675	257 675
Grenada	6 513	959	6 982	490	.	.	490	490
Guatemala	35 580	23 028	19 608	30 000	.	16 169	13 831	30 000
Guinea	8 019	2 814	10 833	.	.	.	.	.
Guinea-Bissau	6 513	938	.	7 451	6 017	965	469	7 451
Guyana	4 627	1 022	5 649	.	.	.	.	.
Haiti	7 267	1 877	8 204	940	.	.	940	940
Honduras	4 926	4 096	6 459	2 563	.	.	2 563	2 563
Hungary	.	125 992	125 992	.	.	.	.	.
Iceland	.	55 431	55 431	.	.	.	.	.
India	.	328 513	328 513	.	.	.	.	.
Indonesia	178 762	199 045	102 981	274 826	.	171 845	102 981	274 826
Iran (Islamic Republic of)	490 012	211 891	.	701 903	385 589	186 690	129 624	701 903
Iraq	128 790	81 421	.	210 211	104 443	40 899	65 068	210 211
Ireland	.	443 520	443 520	.	.	.	.	.
Israel	.	534 917	534 917	.	.	.	.	.
Italy	.	8 980 052	8 980 052	.	.	.	.	.
Jamaica	.	5 116	.	5 116	.	3 066	2 050	5 116
Japan	.	24 281 687	24 281 687	.	.	.	.	.
Jordan	1 372	7 166	7 166	1 372	.	.	1 372	1 372
Kazakhstan	.	39 385	24 527	14 858	.	.	14 858	14 858
Kenya	10 873	7 677	.	18 550	7 085	7 365	4 100	18 550
Kiribati	.	938	938	.	.	.	.	.
Kuwait	79 753	148 867	228 620	.	.	.	.	.
Kyrgyzstan	29 267	3 577	32 333	511	.	.	511	511
Lao People's Democratic Republic	6 513	938	469	6 982	5 548	965	469	6 982
Latvia	.	14 024	14 024	.	.	.	.	.
Lebanon	5 378	14 325	8 175	11 528	.	5 378	6 150	11 528
Lesotho	5 312	1 406	6 718	.	.	.	.	.
Liberia	7 406	1 512	.	8 916	6 321	2 105	490	8 916
Libyan Arab Jamahiriya	172 156	97 687	.	269 843	100 737	134 779	34 327	269 843
Liechtenstein	.	10 233	10 233	.	.	.	.	.
Lithuania	11 901	16 737	28 638	.	.	.	.	.
Luxembourg	5 900	126 222	132 142	.	.	.	.	.
Madagascar	8 019	2 814	1 430	9 403	5 101	2 892	1 410	9 403
Malawi	.	1 877	937	940	.	.	940	940
Malaysia	.	214 934	214 934	.	.	.	.	.
Maldives	.	938	.	938	.	469	469	938
Mali	.	1 877	937	940	.	.	940	940
Malta	8 778	15 692	15 692	8 778	.	239	8 539	8 778
Marshall Islands	6 582	1 022	7 093	511	.	.	511	511
Mauritania	6 513	938	.	7 451	6 017	965	469	7 451
Mauritius	2 052	10 234	11 290	1 036	.	.	1 036	1 036

Scheduled 2.1 (continued)

International Tribunal for the Former Yugoslavia

Assessed contributions unpaid as at 31 December 2001

(United States dollars)

Member State	Assessed contributions unpaid as at 1 January 2000	Net Assessed Contributions 2000 and 2001 a/	Collections During 2000 and 2001	Assessed contributions unpaid as at 31 December 2001	Ageing analysis of outstanding assessed contributions			Assessed contributions unpaid as at 31 December 2001
					over 2 years	1-2 years	under 1 year	
Mexico	-	1 068 407	1 068 407	-	-	-	-	-
Micronesia (Federated States of)	-	1 022	1 022	-	-	-	-	-
Monaco	-	6 822	6 822	-	-	-	-	-
Mongolia	-	1 533	1 533	-	-	-	-	-
Morocco	1 145	44 004	-	45 149	-	22 094	23 055	45 149
Mozambique	4 052	938	4 521	469	-	-	469	469
Myanmar	12 042	8 444	-	20 486	8 074	7 715	4 697	20 486
Namibia	2 181	6 716	8 897	-	-	-	-	-
Nauru	-	959	959	-	-	-	-	-
Nepal	-	3 752	-	3 752	-	1 873	1 879	3 752
Netherlands	-	2 882 470	2 882 470	-	-	-	-	-
New Zealand	-	394 852	394 852	-	-	-	-	-
Nicaragua	6 862	1 022	7 373	511	-	-	511	511
Niger	7 267	1 406	-	8 673	6 275	1 929	469	8 673
Nigeria	21 642	48 117	69 759	-	-	-	-	-
Norway	38	1 074 527	1 074 562	-	-	-	-	-
Oman	-	59 148	59 148	-	-	-	-	-
Pakistan	59 690	61 399	89 837	31 252	-	-	31 252	31 252
Palau	1 664	981	-	2 645	1 168	966	512	2 646
Panama	-	15 865	15 865	-	-	-	-	-
Papua New Guinea	7 385	6 225	13 610	-	-	-	-	-
Paraguay	7 574	15 390	7 574	15 390	-	7 153	8 197	15 350
Peru	109 775	111 556	-	221 331	58 375	101 986	60 970	221 331
Philippines	21 982	95 292	71 155	46 119	-	-	46 119	46 119
Poland	-	288 542	288 542	-	-	-	-	-
Portugal	33 760	764 112	400 807	397 065	-	-	397 065	397 065
Qatar	3 053	36 035	16 862	22 226	-	3 053	19 173	22 226
Republic of Korea	-	1 458 388	1 458 388	-	-	-	-	-
Republic of Moldova	76 737	6 136	6 957	75 916	60 041	14 849	1 026	75 916
Romania	-	60 102	60 102	-	-	-	-	-
Russian Federation	4 626 744	2 175 771	-	6 804 515	3 143 954	2 498 885	1 161 676	6 804 515
Rwanda	-	938	469	469	-	-	469	469
Saint Kitts and Nevis	239	959	1 198	-	-	-	-	-
Saint Lucia	6 513	1 452	-	7 965	6 017	965	983	7 965
Saint Vincent and the Grenadines	6 513	959	7 472	-	-	-	-	-
Samoa	2 107	938	-	3 045	1 611	965	469	3 045
San Marino	382	3 412	1 704	2 090	-	382	1 708	2 090
Sao Tome and Principe	6 513	938	-	7 451	6 017	965	469	7 451
Saudi Arabia	307 845	584 431	892 276	-	-	-	-	-
Senegal	-	5 266	-	5 266	-	2 810	2 456	5 266
Seychelles	7 267	2 004	-	9 271	6 275	1 929	1 067	9 271
Sierra Leone	6 513	938	-	7 451	6 017	965	469	7 451
Singapore	-	314 217	314 217	-	-	-	-	-
Slovakia	-	40 832	40 832	-	-	-	-	-
Slovenia	9 602	86 502	86 474	9 630	-	-	9 630	9 630
Solomon Islands	496	938	-	1 434	-	965	469	1 434
Somalia	6 513	938	-	7 451	6 017	965	469	7 451
South Africa	-	521 753	521 753	-	-	-	-	-
Spain	-	4 370 345	4 370 345	-	-	-	-	-
Sri Lanka	6 492	14 329	20 821	-	-	-	-	-
Sudan	11 546	6 098	17 644	-	-	-	-	-
Suriname	5 207	2 856	5 207	2 856	-	1 873	983	2 856
Swaziland	7 404	2 048	9 452	-	-	-	-	-
Sweden	-	1 800 983	1 800 983	-	-	-	-	-
Syrian Arab Republic	80 241	74 200	154 441	-	-	-	-	-
Tajikistan	19 520	2 555	-	22 075	16 815	4 749	511	22 075

International Tribunal for the Former Yugoslavia

Assessed contributions unpaid as at 31 December 2001

(United States dollars)

Member State	Assessed contributions unpaid as at1 January 2000	Net Assessed Contributions 2000 and 2001 a/	Collections During 2000 and 2001	Assessed contributions unpaid as at 31 December 2001	Ageing analysis of outstanding assessed contributions			Assessed contributions unpaid as at 31 December 2001
					over 2 years	1-2 years	under 1 year	
Thailand	-	227 759	227 759	-	-	-	-	-
The former Yugoslav Republic of Macedonia	1	5 118	2 044	3 075	-	1	3 074	3 075
Togo	6 770	938	7 239	469	-	-	469	469
Tonga	-	1 083	-	1 083	-	593	490	1 083
Trinidad and Tobago	9 197	16 372	25 569	-	-	-	-	-
Tunisia	29 059	30 191	28 415	30 835	-	14 951	15 884	30 835
Turkey	238 052	461 252	462 880	236 424	-	-	236 424	236 424
Turkmenistan	8 534	4 602	-	13 136	4 206	7 394	1 536	13 136
Tuvalu	-	469	469	-	-	-	-	-
Uganda	-	4 222	-	4 222	-	1 873	2 349	4 222
Ukraine	1 166 388	124 240	1 263 473	27 155	-	-	27 155	27 155
Union of Soviet Socialist Republics	1 167 039	-	-	1 167 039	1 167 039	-	-	1 167 039
United Arab Emirates	96 303	205 996	211 346	90 953	-	-	90 953	90 953
United Kingdom of Great Britain and Northern Ireland	-	10 184 774	10 184 774	-	-	-	-	-
United Republic of Tanzania	1 488	3 283	-	4 771	-	2 892	1 879	4 771
United States of America	4 111 400	50 414 033	46 507 729	8 017 704	-	-	8 017 704	8 017 704
Uruguay	39 709	62 953	13 739	88 923	-	50 497	38 426	88 923
Uzbekistan	133 264	18 409	133 264	18 409	-	12 774	5 635	18 409
Vanuatu	6 513	938	5 420	2 031	597	965	469	2 031
Venezuela	233 492	189 348	422 840	-	-	-	-	-
Viet Nam	7 964	11 263	-	19 227	4 176	7 365	7 686	19 227
Yemen	13 291	7 972	-	21 263	8 331	9 643	3 289	21 263
Yugoslavia (Former)	96 807	13 285	-	110 092	78 412	31 680	-	110 092
Yugoslavia	-	10 248	-	10 248	-	-	10 248	10 248
Zambia	-	1 877	-	1 877	-	937	940	1 877
Zimbabwe	12 538	8 145	20 683	-	-	-	-	-
TOTAL	18 590 058	176 132 011	170 537 155	24 184 914	6 441 685	5 133 073	12 610 156	24 184 914

a/ The assessments on Member States for 2000/2001 were approved under General Assembly resolutions 54/239 and 55/225.

	2000	2001	Total
Gross assessed contribution	95 203 500	96 625 024	191 828 524
Less: Credit from staff assessment	7 264 179	8 432 334	15 696 513
Net Contribution	87 939 321	88 192 690	176 132 011

Statement III

International Tribunal for the Former Yugoslavia[a]

Statement of cash flows for the biennium 2000-2001 ending 31 December 2001

(Thousands of United States dollars)

	2001	1999
Cash flows from operating activities		
Net excess (shortfall) of income over expenditure (Statement I)	9 456	25 676
(Increase) decrease in contributions receivable	(5 595)	(9 324)
(Increase) decrease in other accounts receivable	524	(188)
(Increase) decrease in other assets	76	103
Increase (decrease) in contributions or payments received in advance	(253)	312
Increase (decrease) in deferred charges	(1 403)	(2 495)
Increase (decrease) in unliquidated obligations	2 717	10 512
Increase (decrease) in accounts payable	(403)	853
Increase (decrease) in other liabilities	(293)	293
Less: Interest income	(3 734)	(2 825)
Net cash from operating activities	**1 092**	**22 917**
Cash flows from investing and financing activities		
Increase (decrease) in inter-fund balances payable	(643)	3 015
(Increase) decrease in investments	(7 634)	-
Plus: Interest income	3 734	2 825
Net cash from investing and financing	**(4 543)**	**5 840**
Cash flows from other sources		
Savings on, or cancellation of, prior periods' obligations	6 052	1 330
Transfers from reserves and fund balances	(22 726)	(20 012)
Net cash from other sources	**(16 674)**	**(18 682)**
Net increase (decrease) in cash and term deposits	(20 125)	10 075
Cash and term deposits, beginning of period	22 702	12 627
Cash and term deposits, end of period	**2 577**	**22 702**

a/ See notes 2 and 3.

The accompanying notes are an integral part of the financial statements.

Statement IV

International Tribunal for the Former Yugoslavia

Statement of Appropriations for the bienium 2000-2001 ending 31 December 2001

(Thousands of United States dollars)

Programme of work	APPROPRIATIONS	EXPENDITURES			
	Approved a/	Disbursements	Unliquidated Obligations	Total Expenditure	Balance
A. The Chambers	5 947	5 659	135	5 794	153
B. The Office of the Prosecutor	59 622	60 323	479	60 802	-1 180
C. Registry	93 808	80 694	6 926	87 620	6 188
D. Programme Support	33 987	24 429	6 904	31 333	2 654
E. Staff Assessment	21 273	23 744	-	23 744	-2 471
Total	214 637	194 849	14 444	209 293	5 344

a/ The appropriations for 2000/2001 were approved under General Assembly resolutions 54/239 ($106,149,400) and 55/225 ($108,487,700).

Annex

Voluntary Fund to Support the Activities of the International Tribunal for the Former Yugoslavia

Schedule of income, expenditure, reserves and fund balances
for the biennium 2000-2001 ending 31 December 2001
(Thousands of United States dollars)

	Reserves and fund balances beginning of period	*Income*	*Expenditure*	*Reserves and fund balances end of period*
Voluntary Fund to Support the Activities of the International Tribunal Established by the Security Council in resolution 827 (1993) established by the Secretary-General on 22 October 1993 to support the activities of the Tribunal, and to enable it to carry out the mandate set forth in its Statute.	17 194	6 679	11 444	12 429

Notes to the financial statements

Note 1
The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, were as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories.

(b) The General Assembly focuses on a wide range of political, economic and social issues, as well as the financial and administrative aspects of the Organization.

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peace-building, engage in humanitarian activities to ensure the survival of groups deprived of basic needs and oversee the prosecution of persons responsible for serious violations of international humanitarian law.

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems.

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the Administrative Committee on Coordination. The Organization follows international accounting standard 1 on the disclosure of accounting policies, as modified and adopted by the Committee, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, the disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Organization is a biennium consisting of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal year basis covering the period from 1 July to 30 June.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in paragraph (i) (ii) below applies.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Under-Secretary-General for Management. In respect of such currencies, the financial statements, prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Management, shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rate of exchange in effect as at the date of the statements. In the event that the application of an actual exchange rate as at the date of the statements would result in a valuation materially different from that which would result from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Working Party on Accounting Standards of the Administrative Committee on Coordination.

(h) Separate financial statements are issued for the United Nations general and related funds, the United Nations escrow account, the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 under the provisions of Security Council resolutions 808 (1993) and 827 (1993), the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 under the provisions of Security Council resolution 955 (1994) and the peacekeeping accounts, which are reported separately on a fiscal year basis covering the period from 1 July to 30 June.

(i) Income:

(i) The amounts necessary to finance the activities of the United Nations regular budget and peacekeeping operations, the International Tribunals for the Former Yugoslavia and Rwanda, the United Nations Mission in East Timor and the Working Capital Fund are assessed to Member States in accordance with the scale of assessments as determined by the General Assembly;

(ii) For purposes of the financial statements, income is recognized when assessments to Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed to non-member States that agree to reimburse the Tribunal for the cost of their participation in the Organization's treaty bodies, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States and other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. In accordance with General Assembly resolution 44/192 A of 21 December 1989, voluntary contributions made in cash or in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;

(v) Income received under inter-organizational arrangements represent allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(vi) Allocations from other funds represent monies appropriated or designated from one fund for the transfer to and disbursement from another fund;

(vii) Income for services rendered includes reimbursements for salaries of staff members and other costs that are attributable to the provision of technical and administrative support to other organizations;

(viii) Interest income includes all interest earned on deposits in various bank accounts and investment income earned on marketable securities and other negotiable instruments. All realized losses and net realized losses on short-term investments are offset against investment income;

(ix) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditures charged to prior periods, income resulting from net gains resulting from currency translations, settlements of insurance claims, monies accepted for which no purpose was specified and other sundry income;

(x) Income relating to future financial periods is recorded as deferred income, as referred to in item (l) (iii) below.

(j) Expenditure:

(i) Expenditures are incurred against authorized allotments. Total expenditures reported include unliquidated obligations and disbursements;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. Inventory of such non-expendable property is maintained at the historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period but are recorded as deferred charges, as referred to in item (k) (v) below.

(k) Assets:

(i) Cash and term deposits comprise funds held in demand-deposit accounts and interest-bearing bank deposits;

(ii) Investments include marketable securities and other negotiable instruments acquired by the Organization to produce income. Short-term investments are stated at the lower of cost or market value; long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The market value of investments is disclosed in the footnotes of the financial statements;

(iii) The United Nations Headquarters cash pool comprises participating funds' share of the cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pool. The investments in the pool are similar in nature and are accounted for as stated in item (k) (ii) above. Income earned on the investments of the cash pool and the costs associated with the operation of those investments are allocated to the participating funds. The share in the cash pool is reported separately in each of the participating fund's statements. The composition of the cash pool is also disclosed in a footnote on the individual statements;

(iv) Assessed contributions represent legal obligations of contributors and, therefore, the balances of unpaid assessed contributions due from Member

States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments;

(v) Deferred charges normally comprise expenditure items that are not properly chargeable in the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 110.6. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vi) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(vii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is recorded in memorandum accounts and is disclosed in the notes to the financial statements.

(l) Liabilities, reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes pledged contributions for future periods, advance sales realized under revenue-producing activities and other income received but not yet earned;

(iv) The commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current period obligations related to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may be retained for a period of five years beyond the end of the financial period. Unliquidated obligations relating to funds of a multi-year nature remain valid until the completion of the project;

(v) Contingent liability, if any, is disclosed in the notes to the financial statements;

(vi) The United Nations is a member organization of the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded

defined-benefit plan. The financial obligation of the Organization to the Fund consists of its mandated contribution at the rate established by the Assembly together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the Assembly has invoked article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as at the valuation date. As at the date of the current financial statement, the Assembly had not invoked that provision.

Note 3
International Tribunal for the Former Yugoslavia (statements I-IV)

(a) The International Tribunal for the Former Yugoslavia was established by the Security Council in its resolutions 808 (1993) and 827 (1993). The Tribunal consists of the following organs:

(i) The Chambers, comprising three Trial Chambers composed of nine independent judges, no two of whom may be nationals of the same State, and an Appeals Chamber. The Appeals Chamber, which is composed of seven judges, services both the International Tribunal for the Former Yugoslavia and the International Tribunal for Rwanda;

(ii) The Prosecutor, who is responsible for the investigation and prosecution of persons responsible for serious violations of international humanitarian law committed in the territory of the former Yugoslavia since 1991. The Prosecutor acts independently as a separate organ of the Tribunal;

(iii) A Registry, which services both the Chambers and the Prosecutor and is responsible for the administration and servicing of the Tribunal.

(b) The General Assembly, in its resolutions 54/239, 55/225 A and B and 56/247, approved the funding of the budget appropriations for the biennium 2000-2001. Annual budget appropriations are funded by assessments to Member States, 50 per cent in accordance with the scale of assessments applicable to the United Nations regular budget and 50 per cent in accordance with the scale of assessments applicable to peacekeeping operations. States and intergovernmental and non-governmental organizations also contribute funds, equipment and services to the Tribunal to carry out its mandate. Although funds are appropriated on an annual basis, the financial statements for the Tribunal are prepared every six months in line with the financial reporting period for various other United Nations funds, with a final accounting at the end of the biennium.

(c) Statement I reports the income and expenditure and changes in the reserves and fund balances during the financial period. It includes the calculation of the excess of income over expenditure for the current period and prior-period adjustments of income or expenditure.

(d) Statement II shows the assets, liabilities, reserves and fund balances as at 31 December 2001. Excluded from the assets is the value of furniture and equipment (see note 5 (e)).

(e) Statement III is the cash flow summary statement prepared using the indirect method in line with international accounting standard 7.

(f) Statement IV reports on expenditures against the appropriation approved for the biennium.

Note 4
Status of appropriations

In accordance with General Assembly resolutions 54/239, 55/225 A and B and 56/247, the appropriations, commitment authority and gross assessments for the biennium 2000-2001 are as follows (in thousands of United States dollars):

	2000	*2001*	*Total*
Budget appropriation	106 149	108 488	214 637
Less: Estimated unencumbered balance for 1999	(8 200)	-	(8 200)
Unencumbered balance for 1998	(2 741)	-	(2 741)
Estimated income for 2000	(5)	-	(5)
Add: Estimated unencumbered balance for 1999 that was taken into account and reduced from the assessment			
Less: Actual unencumbered balance for 1999	-	(14 074)	(14 074)
Interest and other miscellaneous income for the biennium			
Estimated unencumbered balance for 2000	-	(2 500)	(2 500)
Estimated income for 2001	-	(77)	(77)
Gross amount assessed to Member States	**95 203**	**96 625**	**191 828**
Commitment authority			
Resolution 55/225 B	-	5 281	5 281
Resolution 56/247	-	(426)	(426)
Total commitment authority	-	**4 855**	**4 855**
Total budget appropriation and commitment authority	**95 203**	**101 480**	**196 683**

Note 5
Assets, liabilities, reserves and fund balances (statement II)

(a) The cash and term deposits figure represents the total cash balance (including funds held in non-convertible currencies) at United Nations Headquarters and at the offices away from Headquarters.

(b) Assessed contributions unpaid:

(i) The assessed contributions receivable as at 31 December 2001 have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. Based on this policy, no provision has been made for delays in the collection of outstanding assessed contributions;

(ii) The report entitled status of contributions as at 31 December 2001 (ST/ADM/SER.B/585, annex XXII) shows unpaid assessed contributions of $24,074,820. The unpaid assessed contributions from the former Yugoslavia amounting to $110,092 is excluded from that report, as the former Yugoslavia ceased to be a Member State on 1 November 2000. However, no action has been taken in the accounts as there is no specific General Assembly resolution on the matter. The remaining difference of $2 is due to rounding.

(c) Accounts receivable. The following is an analysis of the accounts receivable as at 31 December 2001 compared with those as at the end of 1999 (in millions of United States dollars):

Accounts receivable	*2001*	*1999*
Governments	0.5	0.3
Staff members	0.9	1.2
Vendors	-	0.2
Other United Nations entities	0.1	0.3
Total	**1.5**	**2.0**

(d) Inter-fund balances reflect transactions between the United Nations General Fund and other United Nations funds. Inter-fund indebtedness with the General Fund is not restricted to transactions carried out directly between the United Nations General Fund and the International Tribunal for Yugoslavia. Transactions between the Tribunal account and funds other than the General Fund are reported as indebtedness from the General Fund to the fund owed and indebtedness to the General Fund from the fund owing.

(e) Non-expendable property. In accordance with United Nations accounting policies, non-expendable property is charged against the current allotment in the year of purchase. The non-expendable property acquired by the International Tribunal for the Former Yugoslavia and inventory donated or on loan, valued at historical cost, according to the cumulative inventory records, was $14.3 million at 31 December 2001.

(f) Accounts payable. Following is the composition of the accounts payable balances as at 31 December 2001 compared with those as at the end of 1999 (in millions of United States dollars):

Accounts payable	*2001*	*1999*
Governments	0.1	0.4
Staff members	0.2	0.1
Vendors	-	0.1
Specialized agencies	0.1	-
Other United Nations entities	0.1	0.5
Other	-	0.1
Total	**0.5**	**1.2**

(g) Future years' commitments. The amount reported in statement II as unliquidated obligations for future years comprise obligations raised for contracts and lease agreements that are valid beyond the end of the biennium 2000-2001.

(h) Reserves and fund balances. The surplus account of the International Tribunal for the Former Yugoslavia represents funds available for credit to Member States arising from unobligated balances of appropriations, savings in the liquidation of prior-period obligations and other designated income. The balance of the surplus account at the end of the financial period will be offset against future assessments in accordance with the provisions of financial regulation 5.2 (d) unless the General Assembly decides otherwise.

Note 6
Liabilities for end-of-service and post-retirement benefits

(a) Staff members who separate from the International Tribunal for the Former Yugoslavia are entitled to be paid for any unused vacation days they may have accrued up to a maximum of 60 days. The total liability for such unpaid accrued vacation compensation as at 31 December 2001 is estimated to be $3.3 million, and includes $0.2 million for staff members charged to the voluntary fund to support the activities of the Tribunal.

(b) Some staff members are entitled to repatriation grants and payment of related relocation expenditures upon their termination from the Organization based on the number of years of service. The total liability for such unpaid repatriation and relocation entitlement as at 31 December 2001 is estimated to be $3.3 million, and includes liabilities relating to staff members charged to the voluntary fund.

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